

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 06 2013

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA
JUNE 30, 2013

	<u>PAGE</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Schedule of Expenditures of Federal Awards	9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Schedule of Findings and Questioned Costs	12
Schedule of Prior Year Findings	13

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 487

702 EVADALE DRIVE

TELEPHONE (318) 435-7519

WINNSBORO, LOUISIANA 71295

Harvey Marcus, CPA

John Robinson, CPA

Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Louisiana Substance Abuse, Inc
Winnsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Louisiana Substance Abuse, Inc (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Louisiana Substance Abuse, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

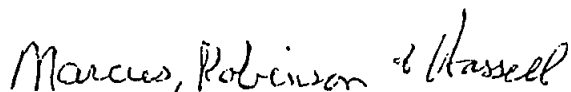
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013, on our consideration of Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting and compliance.



Marcus, Robinson & Hassell
Winnsboro, Louisiana
August 16, 2013

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 3)	48,081
Grant Receivable (Note 5)	11,663
Accounts Receivable (Note 4)	0
<u>TOTAL CURRENT ASSETS</u>	<u>59,744</u>

<u>FURNITURE AND EQUIPMENT, NET (Note 6)</u>	<u>211</u>
--	------------

<u>TOTAL ASSETS</u>	<u>59,955</u>
---------------------	---------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Payroll Taxes	7,696
Due to State	1,127
<u>TOTAL CURRENT LIABILITIES</u>	<u>8,823</u>

NET ASSETS

Invested in Capital Assets	211
Unrestricted	50,921
<u>TOTAL NET ASSETS</u>	<u>51,132</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>59,955</u>
---	---------------

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC
STATEMENT OF ACTIVITIES
JUNE 30, 2013

UNRESTRICTED NET ASSETS

PUBLIC SUPPORT AND REVENUES

Grant - State of Louisiana	135,640
DESAP Fees	167,418
Miscellaneous Income	<u>935</u>

TOTAL SUPPORT UNRESTRICTED 303,993

EXPENSES

Personal Services	269,441
Travel	548
Operating Services	13,283
Supplies	1,996
Depreciation	253
Professional Services	<u>10,105</u>

TOTAL EXPENSE (295,626)

CHANGE IN NET ASSETS 8,367

NET ASSETS, Beginning of Year 42,765

NET ASSETS, End of Year 51,132

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC
STATEMENT OF CASH FLOWS
JUNE 30, 2013

OPERATING ACTIVITIES

Change in Net Assets	8,367
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	253
Decrease in Grants Receivable	1,316
Decrease in Accounts Receivable	(8,683)
Increase in Accrued Payroll Taxes	<u>3,149</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 21,768

CASH FLOWS FROM INVESTING ACTIVITIES 0

NET CASH USED IN INVESTING ACTIVITIES 0

NET INCREASE IN CASH AND CASH EQUIVALENTS 21,768

BEGINNING CASH AND CASH EQUIVALENTS 26,313

ENDING CASH AND CASH EQUIVALENTS 48,081

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Northeast Louisiana Substance Abuse, Inc (NELSA) was incorporated on June 30, 1978, as a non-profit corporation. The purpose of the corporation as expressed in its articles of incorporation is to provide for the establishment of a network of assistance that makes available all services meeting the range of needs of the person in trouble with substance abuse. At present this consists of providing a comprehensive drug-free outpatient treatment and related services and providing driver education courses for individuals mandated by the courts.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are reported on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Bad Debts

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Income Taxes

NELSA is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation.

Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

Northeast Louisiana Substance Abuse, Inc. prepares an annual budget which is approved by the Board of Directors.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

Income Tax Status

NELSA has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c)3 of the Internal Revenue Code, and, therefore, is not subject to income tax.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - continued

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the Company must deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

NOTE 2 - CASH FLOW INFORMATION

Supplemental disclosures of cash flow information

Cash Paid During the Year for	<u>2013</u>
Interest	-0-
Income Taxes	-0-

Supplemental Schedule of Noncash Investing and Financing Activities

There were no noncash investing and financing activities for the year.

Disclosure of Accounting Policy:

For the purposes of the statement of cash flows, the company considers cash in checking accounts, savings accounts and certificates of deposit to be cash and cash equivalents.

NOTE 3 - CASH

Cash is classified into three categories to give an indication of the level of risk assumed at year-end. Category 1 includes investments insured or registered or securities which are held by the corporation or its agent in the corporation's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the corporation's name. Category 3 includes uninsured and unregistered investments with the securities held by the bank or agent but not in the corporation's name. The carrying amount of the corporation's deposits with the financial institutions was \$67,036 and the book balance was \$48,081. The carrying balance is categorized as follows:

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Cash	67,036	-0-	-0-

Northeast Louisiana Substance Abuse, Inc. is adequately collateralized at Franklin State Bank and Progressive Bank.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from District Court. The aging of accounts receivable at June 30 is as follows:

	<u>2013</u>
Current	-0-
30 Days and Over	<u>-0-</u>
<u>TOTAL</u>	<u>-0-</u>

NOTE 5 - GRANTS RECEIVABLE

The grants receivable consists of amounts due from the State of Louisiana for reimbursement of expenses incurred under the current contract.

	<u>2013</u>
Current	11,663
30 Days and Over	<u>-0-</u>
<u>TOTAL</u>	<u>11,663</u>

NOTE 6 - FURNITURE AND EQUIPMENT

A summary of furniture and equipment follows:

Furniture and Equipment	13,315
Less: Accumulated Depreciation	<u>13,104</u>
Net Furniture and Equipment	<u>211</u>
Current Depreciation	<u>253</u>

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

NOTE 7 - PENSION COMMITMENTS

Employees of NELSA are covered under Social Security. No other pension plans are maintained.

NOTE 8 - LITIGATION AND CLAIMS

At June 30, 2013, the company is not involved in any litigation nor aware of any unasserted claims.

NOTE 9 - SUBSEQUENT EVENTS

The Attorney has evaluated subsequent events through the date that the financial statements were available to be issued, August 16, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

	<u>CFDA</u> <u>NUMBER</u>	<u>AWARD</u> <u>PERIOD</u>	<u>EXPENDITURE</u>
Substance Abuse and Treatment		7/01/12	
Block Grant	93.959	6/30/13	<u>135,640</u>

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 487

702 EVADALE DRIVE

TELEPHONE (318) 435-7519

WINNSBORO, LOUISIANA 71295

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Northeast Louisiana Substance Abuse, Inc.
Winnsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Louisiana Substance Abuse, Inc (a non-profit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Louisiana Substance Abuse, Inc 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Louisiana Substance Abuse, Inc 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Louisiana Substance Abuse, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


MARCUS, ROBINSON & HASSELL, CPAs
Winnsboro, Louisiana
August 16, 2013

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

We have audited the financial statements of Northeast Louisiana Substance Abuse, Inc (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2013 resulted in an unqualified opinion.

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

A Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ yes ☒ no Significant Deficiency ☐ yes ☒ no

Compliance

Compliance Material to Financial Statements ☐ yes ☒ no

B. Federal Awards

Internal Control

Material Weaknesses ☐ yes ☒ no Significant Deficiency ☐ yes ☒ no

Type of Opinion on Compliance Unqualified ☒ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with OMB Circular A-133, Section 510(a)?

No

Identification of Major Programs - None Identified

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Is the auditee a "low-risk" auditee as defined by OMB Circular A 133 ☒ yes ☐ no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

SECTION I - Internal Control and Compliance Material to the Financial Statement

FINDINGS

NONE

SECTION II - Management Letter

NONE ISSUED